

LEGISLATURE OF NEBRASKA  
NINETY-SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 452**

Introduced by Landis, 46

Read first time January 14, 1999

Committee: Education

A BILL

- 1 FOR AN ACT relating to schools; to provide for delinquent bond
- 2 payments; to provide duties for the State Treasurer and
- 3 the State Department of Education; and to provide
- 4 severability.
- 5 Be it enacted by the people of the State of Nebraska,

1           Section 1.     The Legislature finds that it is in the  
2     interest of the people of the State of Nebraska to implement a  
3     program that enhances credit ratings on bonds issued by Nebraska  
4     school districts, thereby reducing interest costs on the bonds and  
5     also reducing the amount paid by the taxpayers of the school  
6     districts that issue the bonds under the program.

7           Sec. 2.     Sections 1 to 9 of this act apply to general  
8     obligation bonds issued pursuant to Chapter 10 by a school district  
9     on or after the effective date of this act, to obligations of a  
10    school district in connection with a lease agreement or installment  
11    purchase agreement entered into by a school district on or after  
12    the effective date of this act, and to refunding bonds issued by a  
13    school district pursuant to Chapter 10.

14          Sec. 3.     Whenever the paying agent has not received  
15    payment of principal of or interest on bonds or other obligations  
16    to which sections 1 to 9 of this act apply on the business day  
17    immediately prior to the date on which such payment is due, the  
18    paying agent shall so notify the State Treasurer and the school  
19    district, by telephone, facsimile, or other similar communication,  
20    followed by written verification of such payment status. The State  
21    Treasurer shall immediately contact the district and determine  
22    whether the district will make the payment by the date on which it  
23    is due.

24          Sec. 4.     If the district indicates that it will not make  
25    the payment by the date on which it is due, the State Treasurer  
26    shall forward the amount in immediately available funds necessary  
27    to make the payment of the principal of or interest on the bonds or  
28    other obligations of the school district to the paying agent and

1 shall withhold such amount from the next succeeding payment of  
2 state aid pursuant to the Tax Equity and Educational Opportunities  
3 Support Act. If the amount of such next succeeding payment is  
4 insufficient to pay the amount necessary, the State Treasurer shall  
5 withhold amounts from each succeeding payment of state aid under  
6 the act, including payments to be made in succeeding fiscal years  
7 but not more than twelve months' worth of payments, until the total  
8 payment of principal and interest has been withheld. A school  
9 district which does not receive any state aid under the act does  
10 not qualify for state assistance in making timely payment of its  
11 bond or other obligations under sections 1 to 9 of this act.

12           Sec. 5. The amounts forwarded to the paying agent by the  
13 State Treasurer shall be applied by the paying agent solely to the  
14 payment of the principal of or interest on such bonds or other  
15 obligations of the school district. The State Treasurer shall  
16 notify the State Department of Education, the chief financial  
17 officer of the district, and the Legislature of amounts withheld  
18 and payments made pursuant to sections 1 to 9 of this act.

19           Sec. 6. Any school district to which sections 1 to 9 of  
20 this act apply shall file with the State Treasurer a copy of the  
21 resolution which authorizes the issuance of bonds or other  
22 obligations, a copy of the official statement or other offering  
23 document for such bonds or other obligations, the agreement, if  
24 any, with the paying agent for such bonds or other obligations, and  
25 the name, address, and telephone number of such paying agent. The  
26 failure of any school district to file such information shall not  
27 affect the obligation of the State Treasurer to withhold state aid  
28 payments under such sections.

1           Sec. 7. The state hereby covenants with the purchasers  
2 and owners of bonds and other obligations issued by school  
3 districts that it will not repeal, revoke, or rescind sections 1 to  
4 9 of this act or modify or amend such sections so as to limit or  
5 impair the rights and remedies granted by such sections, but this  
6 section does not require the state to continue the payment of state  
7 aid to any school district or limit or prohibit the state from  
8 repealing, amending, or modifying any law relating to the amount of  
9 state aid to schools or the manner or timing of payment. Sections  
10 1 to 9 of this act do not create a debt of the state with respect  
11 to such bonds or other obligations within the meaning of the  
12 Constitution of Nebraska and do not create any liability except to  
13 the extent provided in such sections.

14           Sec. 8. Whenever the State Treasurer is required by  
15 sections 1 to 9 of this act to make a payment of principal of or  
16 interest on bonds or other obligations on behalf of a school  
17 district, the department shall initiate an audit of the district to  
18 determine the reason for the nonpayment and to assist the district,  
19 if necessary, in developing and implementing measures to assure  
20 that future payments will be made when due.

21           Sec. 9. Whenever the State Treasurer makes a payment of  
22 principal and interest on bonds or other obligations of a school  
23 district and withholds amounts from the district's state aid  
24 payments pursuant to sections 1 to 9 of this act because of the  
25 failure to collect property taxes levied in accordance with law for  
26 the district's bond redemption fund, the district may transfer any  
27 such delinquent property taxes later collected out of the  
28 district's bond redemption fund and into its general fund.

1           Sec. 10.   If any section in this act or any part of any  
2 section is declared invalid or unconstitutional, the declaration  
3 shall not affect the validity or constitutionality of the remaining  
4 portions.